



# Thrift Savings Plan HIGHLIGHTS

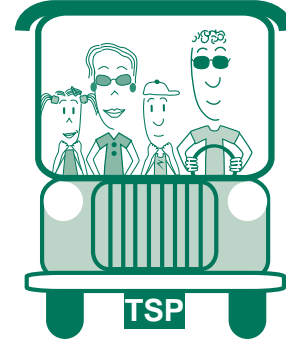
Open Season: November 15 – January 31

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## Are we there yet?

Not quite, but we're getting close. The development of the new record keeping system is well underway. Here's what you can expect in the next few months as we move closer to our destination.



### When is a PIN not a PIN?

When it's the wrong PIN!  
To access your account on the TSP Web site or the ThriftLine, you must use your 4-digit TSP PIN. It is different from PINs issued by other agencies, such as the PIN for Employee Express or PostalEASE.

If you have lost or forgotten your TSP PIN, you can request to have a new one mailed to you. Make your request on our Web site at [www.tsp.gov](http://www.tsp.gov), the ThriftLine at (504) 255-8777, or by calling the TSP Service Office at (504) 255-6000.

### New withdrawal options

will be available with the new system in May 2000. If you are planning to withdraw your account in the near future, be sure to read the "Participants Ask" column on page 2.



You can read about the two new funds in this issue of the *TSP Highlights* and review the tables for each of the five funds (or their related indexes) for the past 10 years. Over the next few months, give some consideration to whether the two new funds should have a place in your long-term investment strategy. Also, now is the time to check your most recent Participant Statement and correct any errors in contributions or personal information.



Are you planning to apply for a *loan* or *withdrawal* in the next few months? **Plan ahead to avoid delays.** If you want to request a loan or withdrawal using the current rules and forms, you should submit your request by March 15. Requests received after March 15 may not be able to be completed in the current system. You may have to wait until May to receive your loan or withdrawal, or you may be required to submit new withdrawal forms. Requests for *interfund transfers* and *PINs* received after March 15 will also be held until May 2000.



Copies of the revised *Summary of the Thrift Savings Plan for Federal Employees* will be distributed to all Federal employees by their agencies. (The TSP will mail the Plan Summary to separated participants in March.) Read the Plan Summary carefully and keep it as a reference.



You will receive a special mailing from the TSP which will include:

- A letter from the Executive Director with an overview of the new system changes;
- The booklet *TSP at a Glance*, which will briefly describe the funds and their performance through 1999, as well as features of the new system;
- A new ThriftLine/Web card, which will describe the features of these electronic systems, how you can access your account information, and the transactions you can initiate or complete;
- A new leaflet, *Managing Your TSP Account*, which will describe how to change your contributions to invest in the new funds, how to make an interfund transfer to redistribute your existing account balance, how to apply for a loan or withdrawal, and other useful information.

### ★ TSP Fund Balances ★

as of 9/30/99

G Fund . . . . .	\$ 30.5 billion
C Fund . . . . .	\$ 50.7 billion
F Fund . . . . .	\$ 4.1 billion
<b>Total</b> . . . . .	<b>\$ 85.3 billion</b>
Participants . . . . .	2.4 million

(Continued on page 2)

## Participants Ask . . .



### . . . about new withdrawal options

## Q What are the new withdrawal rules and options available in May 2000?

A The rules (and the options available to you) for withdrawing your account balance after you have separated from Federal service will be changing in May 2000.

- If your account balance is less than \$200, it will be paid directly to you as “an automatic cashout.” You will not be eligible to remain in the TSP and other withdrawal options will not be available to you.
- You will be able to take your full withdrawal in any combination of withdrawal options for which you are eligible (single payment, monthly payments, annuity).
- Withdrawals will be paid when complete requests are received. There will no longer be an option to specify a future payment date.
- A new option will be available which allows you to take a single payment of part of your account balance. This partial withdrawal (which must be \$1,000 or more) will be available to you only once, and only if you have not taken an in-service age-based withdrawal.
- All types of withdrawal payments may be deposited directly into your bank account by EFT (except for amounts transferred to IRAs or other eligible retirement plans).
- Married FERS participants must have their spouse’s signature notarized.

## New Record Keeping System (Continued from page 1)



After the April processing cycle, your March 31 account balance will be converted to shares, with a beginning value of \$10 per share for all funds.

A new version of the *Guide to TSP Investments*, including detailed information about the two new funds, will be available from your agency personnel office. (The booklet will be available from the TSP Web site; however, it is a lengthy document to download.)

In April, participants will receive their last Participant Statement under the old system covering the period from November 1, 1999 – March 31, 2000. Included with the statement will be the *TSP Highlights*, describing daily valuation, new withdrawal options, new Open Season dates, the availability of new materials for participants, and how to invest in the new funds. Also included will be a detailed description about how to use the Web site and ThriftLine to access your account and initiate certain transactions.

If you have an existing loan, you will receive your final Loan Statement (for the period February 1 – March 31, 2000). After that time, loan information will appear on your quarterly Participant Statement.

New loan and withdrawal forms will be available in April from the TSP Web site ([www.tsp.gov](http://www.tsp.gov)), your agency personnel office, or the TSP Service Office.

During the month of April 2000, the ThriftLine and Web site will not be available for transactions because of conversion to the new system.



If you would like to invest some portion of your TSP account in the new funds, you can do so in two ways. First, you can redistribute the money already in your account by requesting an interfund transfer. Second, you can change the way your future contributions are invested by changing your contribution allocation. (Your contribution allocation also affects the way your loan payments are invested.) You can complete both these transactions on the Web site or the ThriftLine, or by using Form TSP-50, Investment Allocation. If you do not request an interfund transfer or new contribution allocation, your money will continue to be invested the same way it was before the changeover to the new system.

New withdrawal options for separated participants will be available beginning in May. (See the “Participants Ask” column on the left.) You will need the new forms to make your request. Be sure to read the revised (May 2000) version of *Withdrawing Your TSP Account After Leaving Federal Service* and complete the forms which will be available from your agency personnel office, the TSP Web site, or the TSP Service Office.

You will be able to initiate a loan or withdrawal request on the TSP Web site and you will be able to initiate a loan request on the ThriftLine. You will be able to check the status of your request on either the Web site or the ThriftLine.

All complete transaction requests received before 11:00 a.m. central time will be processed the same day.



## and onward . . .

Are we there yet? Yep. Here we are. Accounts will be updated after the end of each business day (rather than monthly) and any transactions, such as interfund transfers or payments of loans and withdrawals, will be completed following the daily valuation of accounts. You can check your account balance on the Web site or the ThriftLine. The first quarterly Participant Statement which you will receive in July (for the period April 1 through June 30) will have a new format and will reflect the new share-based system. You will receive a leaflet with your statement explaining in detail how to read and understand the new Participant Statement. 🧐

# Thrift Savings Plan Investment Information

Following is a brief description of the five TSP funds.

The Federal Retirement Thrift Investment Board manages the G Fund assets. The Board has contracts with Barclays Global Investors to manage the C, F, and I Fund assets. The manager of the S Fund had not yet been announced at press time. **The S and I Funds will not be available for investment until May 2000.**

**The G Fund** is invested in short-term nonmarketable U.S. Treasury securities that are specially issued to the TSP. The G Fund interest rate equals the average of market rates of return on U.S. Treasury marketable securities outstanding with four or more years to maturity. There is no credit risk (risk of nonpayment of principal or interest) for the Treasury securities in the G Fund. In addition, market risk (the risk that investments may fluctuate in value as interest rates change) is eliminated by the Board's current policy of investing the G Fund in short-term rather than longer-term securities. However, G Fund rates of return may well be lower than those of the other TSP funds over the long term.

Table 1 presents the 1989 – 1998 G Fund total rates of return, after deducting TSP administrative expenses; there is no assurance that future rates of return for the G Fund

**Table 1**

Year	G Fund
1989	8.8%
1990	8.9%
1991	8.1%
1992	7.2%
1993	6.1%
1994	7.2%
1995	7.0%
1996	6.8%
1997	6.8%
1998	5.7%
1989 – 1998 compound annual rate of return . . . . . 7.3%	

will replicate any of these rates. TSP administrative expenses reduced the 1998 G Fund return by 0.06%, or \$.60 for every \$1,000 of G Fund account balance.

**The C Fund** is invested in the Barclays Equity Index Fund, a commingled fund that tracks the Standard & Poor's (S&P) 500 stock index. The C Fund gives participants the opportunity to diversify their investments and to earn the relatively high investment return that stocks can provide over the long term, while lessening the effect that the poor performance of an individual stock or industry will have on overall investment performance. The primary source of earnings is the net changes in the prices of stocks, although dividend income is also an important source of earnings. The risk of investing in the C Fund is that the value of stocks can decline sharply. The total C Fund return could be negative, resulting in a loss.

Table 2 shows the 1989 – 1998 total C Fund rates of return (after deducting expenses) and the S&P 500 stock index returns; there is no assurance that future rates of return for the C Fund will replicate any of these rates. TSP administrative expenses and C Fund investment management fees reduced the 1998 C Fund return by 0.07%, or \$.70 for every \$1,000 of C Fund account balance.

**Table 2**

Year	C Fund	S&P 500 Index
1989	31.0%	31.7%
1990	-3.2%	-3.1%
1991	30.8%	30.5%
1992	7.7%	7.6%
1993	10.1%	10.1%
1994	1.3%	1.3%
1995	37.4%	37.6%
1996	22.8%	23.0%
1997	33.2%	33.4%
1998	28.4%	28.6%
1989 – 1998 compound annual rate of return . . . . . 19.1% . . . . . 19.2%		

**The F Fund** is invested in the Barclays U.S. Debt Index Fund, a commingled fund that tracks the Lehman Brothers U.S. Aggregate (LBA) bond index. This index consists primarily of high-quality fixed-income securities representing the U.S. Government, corporate, and mortgage-backed securities sectors of the U.S. bond market. The F Fund offers the opportunity for increased rates of return relative to the G Fund over the long term, especially in periods of generally declining market interest rates. At such times, the values of the longer-term bonds held in the F Fund should increase, unlike those of the short-term securities held in the G Fund. Unlike the G Fund, the F Fund carries credit risk and market risk. Like the C Fund, the F Fund has the potential for negative returns, which could result in a loss.

Table 3 shows the 1989 – 1998 total rates of return for the F Fund (after deducting expenses) and the LBA bond index; there is no assurance that future F Fund rates of return will replicate any of these rates. TSP administrative expenses and F Fund investment management fees reduced the 1998 F Fund return by 0.08%, or \$.80 for every \$1,000 of F Fund account balance.

**Table 3**

Year	F Fund	LBA Bond Index*
1989	13.9%	14.5%
1990	8.0%	9.0%
1991	15.7%	16.0%
1992	7.2%	7.4%
1993	9.5%	9.8%
1994	-3.0%	-2.9%
1995	18.3%	18.5%
1996	3.7%	3.6%
1997	9.6%	9.7%
1998	8.7%	8.7%
1989 – 1998 compound annual rate of return . . . . . 9.0% . . . . . 9.3%		

\* Through December 1990, the F Fund was invested in the Barclays Bond Index Fund, which tracked the Lehman Brothers Government/Corporate bond index.

*(Continued on page 4)*

# *TSP Investment Information (Continued from page 3)*

**Two new investment funds** will be available to participants in May 2000.

**The S Fund** (Small Capitalization Stock Index Investment Fund) will be invested in a Wilshire 4500 stock index fund. The Wilshire 4500 index represents approximately 23% of the market value of the U.S. stock markets. It consists of the stocks that are actively traded in the U.S. stock markets, except those in the S&P 500 index. The primary source of earnings is the net changes in the prices of stocks, although dividend income is also an important source of earnings. Although the S Fund will be diversified among industries and companies, losses will occur if and as the value of the Wilshire 4500 index declines in response to changes in overall economic conditions. Wilshire 4500 index returns tend to fluctuate more than S&P 500 index returns because the prices of the stocks of the smaller companies in the Wilshire 4500 index tend to react more strongly (positively and negatively) to changes in the economy. Therefore, S Fund investments are expected to be more volatile in the short run than C Fund investments. The total S Fund return could be negative, resulting in a loss.

**Table 4**

Year	Wilshire 4500 Index	EAFE Index
1989	23.9%	10.4%
1990	-13.6%	-23.6%
1991	43.5%	12.2%
1992	11.9%	-12.2%
1993	14.6%	32.7%
1994	-2.7%	7.8%
1995	33.5%	11.3%
1996	17.2%	6.1%
1997	25.7%	1.6%
1998	8.6%	20.1%
1989 – 1998 compound annual rate of return	15.1%	5.5%

**The I Fund** (International Stock Index Investment Fund) will be invested in the Barclays EAFE Index Fund, a commingled fund that tracks the Europe, Australasia, and Far East (EAFE) stock index. The EAFE index consists of the stocks of companies in 20 countries representing 45% of the value of the world stock markets. (The U.S. stock market represents 49% of the world stock markets.) The primary source of earnings is the net changes in the prices of stocks, although, at times, net foreign currency changes relative to the U.S. dollar can be a greater component of earnings than stock price gains or losses. Dividend income is also an important source of earnings. The EAFE index is broadly diversified among countries and industries, so that the effect of poor performance in one stock market or group of companies is reduced. Losses will occur if and as the value of the EAFE index declines in response to changes in overall economic conditions or to increases in the value of the U.S. dollar. EAFE index returns tend to fluctuate more than S&P 500 index or Wilshire 4500 index returns; therefore, I Fund investments are expected to be more volatile in the short run than C or S Fund investments. The total I Fund return could be negative, resulting in a loss.

Table 4 shows the 1989 – 1998 total rates of return for the Wilshire 4500 index and the EAFE index.

**Recent performance of the TSP funds.** Table 5 presents the monthly rates of return of the three current TSP funds (after expenses), which were used in crediting earnings to your account. For more information about the G, C, and F Funds, see the *Summary of the Thrift Savings Plan for Federal Employees*.

**Table 5**

Month	G Fund	C Fund	F Fund
<b>1998</b>			
October	0.4%	8.2%	-0.5%
November	0.4%	6.0%	0.6%
December	0.4%	5.8%	0.3%
<b>1999</b>			
January	0.4%	4.2%	0.7%
February	0.4%	-3.1%	-1.7%
March	0.5%	4.0%	0.5%
April	0.5%	3.9%	0.3%
May	0.5%	-2.4%	-0.9%
June	0.5%	5.5%	-0.3%
July	0.5%	-3.1%	-0.4%
August	0.5%	-0.5%	-0.1%
September	0.5%	-2.8%	1.2%
<b>12 months</b>	<b>5.7%</b>	<b>27.7%</b>	<b>-0.4%</b>

### ★ Late Breaking News ★

**Contract for S Fund Manager Announced** – Barclays Global Investors has been selected to manage the assets of the Small Capitalization Stock Index Investment (S) Fund. This new fund will be available to TSP participants in May 2000.